

THE CALIFORNIA CORPORATIONS COMMISSIONER HEREBY ADOPTS
THE FOLLOWING CHANGES IN THE REGULATIONS UNDER THE
CALIFORNIA DEFERRED DEPOSIT TRANSACTION LAW
AS SET FORTH IN CHAPTER 3, TITLE 10,
CALIFORNIA CODE OF REGULATIONS
EFFECTIVE: JANUARY 25, 2006

1. The following headings are re-adopted and added immediately after Sections 2020 and 2021 of Title 10, California Code of Regulations:

Subchapter 13. Deferred Deposit Transaction Law

Article 1. Applications.

2. Subchapter 13, Article 2, Section 2025 is added to read:

Article 2. Books and Records.

Section 2025. Books and Records: Standard for Keeping.

(a) For purposes of this section, the term “long form application” means the initial application submitted to the Department to conduct deferred deposit transactions in California under Section 2020 of these rules.

(b) A licensee shall maintain the following books, records and accounts at the licensed place of business provided in its long form application, provided that records maintained at the each additional location are available at the licensed location within 24 hours of request: records demonstrating minimum net worth requirements in compliance with Section 23007 of the Financial Code including quarterly unaudited balance sheets, records demonstrating surety bond requirements in compliance with Section 23013 of the Financial Code, a list of licensed locations by address and license number, the advertising file as provided in subsection (f), bank or other financial institution statements, and any other records identified by written demand of the Commissioner.

(c)(1) Except as provided in subsection (e), records to be maintained at each licensed business location for each deferred deposit transaction shall include at least the following: the deferred deposit transaction agreement, evidence of the check, written disclosure(s) used to provide notice in compliance with subdivision (c) of Section 23035 of the Financial Code, record of any and all extensions of time or payment plans for repayment of an existing deferred deposit transaction, record of time periods for each transaction, record of transaction fees and charges, and record of transaction payments.

(2) Records to be maintained at each licensed business location may include the advertising file as provided in subsection (f) and bank or other financial institution statements, in lieu of maintaining these records as set forth in subsection (b).

(d) The records required under subsections (b) and (c) may be retained and provided to the Commissioner in electronic format provided that:

(1) The electronic records are maintained and provided in a format that allows the Commissioner complete access to all of the books, accounts and records. The electronic records must be provided to the Commissioner in a software format that is acceptable to the Commissioner. The deferred deposit originator shall ensure that the Commissioner and his or her authorized representatives have the ability to download and print any or all of the records that are stored and maintained electronically.

(2) A deferred deposit originator shall provide any and all of the records maintained in electronic format in printed form if the electronic records are not in a format that enables the Commissioner to determine if the licensee is complying with the California Deferred Deposit Transaction Law or rules, or upon the request of the Commissioner or his or her authorized representatives.

(3) The electronic records shall be maintained in a media that ensures reliable, credible, accurate and auditable records.

(e) A licensed location may maintain records older than 90 days at a location other than the licensed location, provided that the records are made available to the Commissioner within 48 hours of a request. Upon request, a licensee shall provide the Commissioner with the address of the location of the books, records and accounts maintained at a location other than the licensed location, and, if applicable, the identity of the person with custody of the records.

(f) A licensee shall maintain a file of all advertising copy for a period of 90 days from the date of its use.

NOTE: Authority cited: Section 23015, Financial Code. Reference: Sections 23007, 23013, 23024, 23027, 23035, 23036, 23037, 23046 and 23048, Financial Code.

3. Section 2026 is added to read:

Section 2026. Maintenance of Books and Records.

A deferred deposit originator shall maintain its books, accounts and records in accordance with generally accepted accounting principles and good business practices.

NOTE: Authority cited: Section 23015, Financial Code. Reference: Sections 23024 and 23046, Financial Code.

4. Section 2027 is added to read:

Section 2027. Records Maintained at Multiple Locations.

A deferred deposit originator shall maintain separate deferred deposit transaction records for each licensed business location in accordance with the provisions of this article, in order to distinguish each licensed business location and operations from other licensed business locations or operations subject to this subchapter. A deferred deposit originator shall maintain separate deferred deposit transaction records from those deferred deposit transaction records maintained by any other business that is transacted at the same office, room, or place of business. Nothing in this section shall be construed to prohibit a deferred deposit originator from maintaining one bank account or one database for all licensed locations, provided that the records of each licensed location can be identified and distinguished.

NOTE: Authority cited: Section 23015, Financial Code. Reference: Sections 23024 and 23046, Financial Code.

5. Section 2028 is added to read:

Section 2028. Transfers Involving Affiliates.

Whenever any deferred deposit transaction is sold, transferred or assigned, within the same business outside the State for any reason, or to an affiliate wherever located for any reason, a deferred deposit originator shall maintain at its licensed location, the original or exact copy of the deferred deposit transaction agreement and any other disclosure statements used to provide notice in compliance with Section 23035 of the Financial Code, payment record and a record identifying the deferred deposit transaction, the date of transfer, and the name and location of the receiving office. However, when a loan is sold, transferred, or assigned to another licensed location of the same business within the State of California, only a record identifying the deferred deposit transaction, the date of transfer, and the receiving office need be maintained by the

sending office and thereafter the licensed location receiving that deferred deposit transaction shall maintain the required documents in its files.

NOTE: Authority cited: Section 23015, Financial Code. Reference: Sections 23024, 23035 and 23046, Financial Code.

6. Section 2029 is added to read:

Section 2029. Transfers Involving Unaffiliated Entities.

Whenever any deferred deposit transaction is sold, transferred or assigned to an unaffiliated entity, the deferred deposit originator relinquishing the deferred deposit transaction shall maintain at its licensed location the original or an exact copy of the deferred deposit transaction agreement and all papers and other documents relating to such transaction, including evidence of the check, as provided by the law.

NOTE: Authority cited: Section 23015, Financial Code. Reference: Sections 23024, 23035 and 23046, Financial Code.

7. Article 3, Section 2030 is added to read:

Article 3. Reports to the Commissioner

Section 2030. Annual Report.

(a) Annual Report Form. The annual report required under Section 23026 of the Financial Code shall be submitted on the following form number 2030 (Rev. 1/06):

PLEASE READ THE ATTACHED INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS REPORT. All licensees must complete the report even if no business was conducted.

To: COMMISSIONER OF CORPORATIONS, STATE OF CALIFORNIA

ANNUAL REPORT FOR
LICENSEES ENGAGED IN BUSINESS UNDER THE
CALIFORNIA DEFERRED DEPOSIT TRANSACTION LAW

For the Year Ended December 31, 20

THIS REPORT IS REQUIRED IN ACCORDANCE WITH FINANCIAL CODE SECTION 23026

Name of Licensee (as shown on the License): _____

Business Phone No.: () _____ Fax No.: _____

E-mail Address(es) (optional): _____

Total number of licenses held as of December 31, 20 _____

Licensee's Type of Organization ☐ Corporation ☐ Partnership
 ☐ Limited Liability Company ☐ Individual
 ☐ Other: _____

CALIFORNIA DEFERRED DEPOSIT TRANSACTION ACTIVITY REPORT
FOR THE YEAR ENDED 20

The Information being requested is for the calendar year ended December 31, 20

1. The total number of deferred deposit transactions made: _____
2. The total dollar amount of deferred deposit transactions made: \$ _____
3. The total number of individual customers who obtained deferred
deposit transactions: (Only count repeat customers once) _____

4. The minimum dollar amount of deferred deposit transactions made: \$ _____
5. The maximum dollar amount of deferred deposit transactions made: \$ _____
6. The average dollar amount of deferred deposit transactions made: \$ _____
(Line 2 divided by line 1)
7. The average Annual Percentage Rate (APR) agreed to: _____
(Total annual percentage rate as stated on the agreements of all transactions
divided by total number of transactions)
8. The average number of days of deferred deposit transactions: _____
9. The total number of returned checks from deferred deposit transactions: _____
10. The total dollar amount of returned checks from deferred deposit transactions: \$ _____
11. The total number of returned checks from deferred deposit transactions recovered: _____
(Include partial recoveries)
12. The total dollar amount of returned checks recovered: \$ _____
(Include partial recoveries)
13. The total number of checks from deferred deposit transactions charged off: \$ _____
(Include partial balances charged off)
14. The total dollar amount of checks from deferred deposit transactions charged off: _____
(Include partial balances charged off)

VERIFICATION

State of _____)

) SS.

County of _____)

I, the undersigned state: That I am an officer or general partner or the sole proprietor or have a position of similar proprietary interest of (Insert name as shown on the license)

and I have read and signed the report and the documents filed herewith and know the comments thereof,

I certify that this annual report is to the best of my knowledge true and exact.

Complete Section (A) OR Section (B) as appropriate.

(A) IF LOCATED IN CALIFORNIA OR IN A STATE WHICH PERMITS A DECLARATION UNDER PENALTY OF PERJURY, COMPLETE THIS SECTION. NOTARIZATION IS NOT NECESSARY.

Date _____, _____ at _____, _____
(Month/Day) (Year) (City) (State)

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

(Signature of Declarant)

(Name and Title (Please type or print))

Phone Number: () _____ Fax Number: () _____

(B) IF LOCATED OUTSIDE OF CALIFORNIA IN A STATE WHICH DOES NOT PERMIT A
DECLARATION UNDER PENALTY OF PERJURY, COMPLETE THIS SECTION.
NOTARIZATION IS REQUIRED.

Date _____, _____
 (Month/Day) (Year) Signature of Affiant

at _____
 (City)

 (State)

Name and Title (Please type or print)

Subscribed and sworn to before me on

(Seal)

_____, _____
 (Month/Date) (Year)

Notary Public in and for said County and State

(b) Instructions. The following instructions apply to the form specified in subsection (a).

INSTRUCTIONS FOR COMPLETING THE 20XX ANNUAL REPORT
FOR DEFERRED DEPOSIT ORIGINATORS
LICENSED UNDER THE
CALIFORNIA DEFERRED DEPOSIT TRANSACTION LAW

WHO MUST FILE THE REPORT: Every licensee who was licensed as of December 31, 20XX shall file the Department's Annual Report. The report is to include information on all business conducted pursuant to the authority of the California Deferred Deposit Transaction Law by licensees located in or outside the State of California. A report shall be filed even if no business was conducted under the authority of the license in 20XX.

DUE DATE / PENALTY FOR FAILURE TO FILE THE REPORT: The report is due on or before March 15, 20XX. No extension of the filing date can be granted. Failure to file the report may result in Summary Revocation of your license(s).

WHERE TO FILE THE REPORT:

DEPARTMENT OF CORPORATIONS

Financial Services Division

320 West Fourth Street, Suite 750

Los Angeles, CA 90013

THE REPORT FORM: The report must be submitted on this form. All items requesting dollar amounts are to be rounded to the nearest whole dollar. Do not add “.00” to represent rounding to the nearest dollar. Do not round items to the nearest thousand or million dollars. Do not round intermediate calculations.

PERIOD COVERED BY THE REPORT: The reporting period is (1) January 1, 20XX to December 31, 20XX, or (2) from the effective date of licensure for licenses issued in 20XX to December 31, 20XX.

COMPANIES WITH MULTIPLE LOCATIONS: Companies with multiple licenses must prepare one report consolidating the information from all locations into one report.

ANNUAL REPORT FORM AVAILABLE ON THE INTERNET: The annual report form is also available at the Department's Internet website at www.corp.ca.gov.

VERIFICATION: The Verification on page 3 must be executed by the licensee or authorized person on behalf of the licensee. For example, the verification must be signed by an individual if the licensee is an individual, by a general partner if the licensee is a partnership, by a corporate officer if the licensee is a corporation or a manager if the licensee is a limited liability company. The Verification must have an original signature. Reports bearing incomplete verifications or a missing signature will not be accepted and will be returned to the licensee.

REQUIREMENT FOR THE REPORT: Section 23026 of the Financial Code states that on or before March 15 of each year, beginning March 2006, each licensee shall file an annual report with the Commissioner pursuant to procedures that the Commissioner shall establish. The licensee's annual report shall be kept confidential pursuant to Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code and any regulations adopted thereunder.

The Department of Corporations will prepare an annual consolidated report that incorporates the information received from each and every annual report submitted by licensees for the designated year. The annual consolidated report will be available to the public.

DEFERRED DEPOSIT TRANSACTIONS: Section 23000 of the Financial Code defines a deferred deposit transaction as a transaction whereby a person defers depositing a customer's personal check until a specific date, pursuant to a written agreement, as provided in Section 23035.

OTHER REPORT REQUIREMENTS:

1. The information required in the report is for the calendar beginning January 1 and ending December 31.
2. The "dollar amount" in Items 2, 4, 5 and 6 shall be based on the face amounts of the checks.
3. For the "total number of individual customers" in Item 3 of the report, count repeat customers only once.
4. The "average dollar amount" of deferred deposit transactions (DDT) under Item 6 of the report is determined by adding the dollar amount of all the transactions made during the calendar year and dividing this number by the total number of DDTs made during the calendar year.
5. The "annual percentage rate" of all transactions under Item 7 of the report is determined by adding the percentage rate specified on all DDT agreements made during the calendar year and dividing this number by the total number of those transactions.

6. The “average number of days” of a DDT under Item 8 of the report is determined by adding the number of days for all DDT agreements and dividing by the total number of transactions.

7. The number and amount in Items 11 and 12 shall include partial recoveries, and the number and amount in Items 13 and 14 shall include partial balances charged off.

QUESTIONS REGARDING THIS REPORT: If you have questions regarding this report, you may contact the Department of Corporations at 1 (866) ASK-CORP (1 (866) 275-2677).

Form number 2030 (Rev. 1/06).

NOTE: Authority cited: Section 23015, Financial Code. Reference: Section 23026, Financial Code.